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MEMORANDUM FOR: Director of Central Intelligence

FROM: Maurice Lipton
Comptroller

SUBJECT: Outside Analysis and Advice for CIA

1. The Agency's efforts to tap into the expertise and information available outside of the Intelligence Community take a variety of forms. NFAC is the largest user of external assistance, however, each of the other directorates also uses outside expertise for activities that range from teaching defensive driving to keeping top management informed of the latest technological developments in US industry. There are three principal means of obtaining outside help. The most common method is to contract for specific tasks with private organizations or individuals. Thus, NFAC makes extensive use of "external analysis" contracts to expand its research base. We also retain certain individuals or groups as consultants. One use of consultants is for the advisory panels that are used in both the collection and production areas. Finally, we get a substantial amount of advice and assistance simply by asking qualified sources for help and paying them on a fee basis. In many instances the individual or organization chooses to donate its services.

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2. External analysis contracts are a critical element of our overall analytical effort. They allow us to get the best outside expertise available to leaven our work or, in highly technical cases, to provide information and analysis that we cannot accomplish with our own resources. For example, to assist in the assessment of Soviet ABM development programs, we use an external analysis contract to obtain the judgment of US experts with 20 years or more experience in the design, development, and production of phased array radars. Besides Soviet weapons system development, international energy problems and detailed area studies of the Third World are major intelligence topics for which we are soliciting substantial input from academia and other private research groups. The profile of external analysis funding for the period 1979 through 1982 is as follows:

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	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Funds (millions)	\$17.1	\$16.4	\$16.1	\$21.4

In 1982 we are attempting to correct a situation that has grown out of balance in the last few years as positions devoted to production have grown substantially while external analysis funding has declined in real terms. The increased funding level requested in 1982 includes real growth for the first time in the past four years.

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3. The Agency uses consultants primarily in support of substantive activities, both production and collection. In a systematic effort to improve the quality of national estimates, 33 consultants have been cleared to work with the National Intelligence Council. Some examples of the range of consultants used by NFAC include on the Soviet strategic threat; a preeminent scholar on Iranian affairs from the ; and an economist who specializes in international energy matters. DDS&T consultants include the director of research with former ADDS&T who is now a senior official with . In the fields of behavioral science, scientific and nuclear research, Soviet strategic programs and the health of foreign leaders, consultants are formed into advisory panels. Such panels bring together groups of specialists who can discuss and afford insights on particularly wide-ranging or complex subjects. Despite the extensive use of consultants during 1980, the Agency spent a total of only \$110,000 for such services. NFAC spent \$75,000 of this amount, and almost all of the remainder was spent by DDS&T. Currently we have 119 consultants on our rolls, eighteen of whom are providing their services without compensation.

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4. From time to time the Agency has contracted for independent advice and evaluation concerning its own administration and management practices. During 1980 there were two contracts of this sort. The first one was with the and provided for an evaluation of the Agency-wide language incentive program. The second was with and Company and called for a survey and assessment of the strengths and weaknesses of the Agency's management procedures. The combined cost of these two contracts was some \$65,000.

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5. In sum, then, the Agency seeks to take maximum advantage of external expertise. While external analysis contracts and consultants are an important means of helping to improve our production and collection, we also use less formal arrangements to obtain outside assistance. For example, there is a continuing exchange between NFAC analysts and private academics, scholars,

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and researchers. An indication of the scope of NFAC's contact with academia is the fact that last year over 500 analysts participated in some 200 different academic conferences. The scientists and technicians of DDS&T maintain a similarly active exchange with their colleagues in the universities and industry through participation in professional conferences and symposia. [redacted]

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Maurice Lipton